

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

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TO CINCUSNAVEUR LONDON UK

INFO SECSTATE WASHDC 6149

CHNAVMAT WASHDC

COMNAVAIRSYSCOM WASHDC

CINCLANT NORFOLK VA

USCINCEUR VAIHINGEN GER

USDOCOSOUTH

SECDEF WASHDC

USNMR SHAPE

C O N F I D E N T I A L LISBON 1267

E.O. 11652: GDS

TAGS: MILI, PO

SUBJ: PHASING OUT OGMA ALVERCA AIRCRAFT REWORK FACILITY

REF: (A) CNO 181708Z FEB 76, (B) CINCUSNAVEUR 241447Z FEB 76

SUMMARY: WE FULLY APPRECIATE NAVY'S CONCERN WITH COSTS, BUT UNDERSTAND COST SITUATION IS NOT CLEAR-CUT. FROM A POLITICAL VIEWPOINT, IT WOULD BE HIGHLY EMBARRASSING AND WOULD UNDERMINE USG POLICY EFFORTS IN OTHER HIGHLY IMPORTANT AREAS IF WE WERE TO TERMINATE ALVERCA CONTRACTS AT THIS POINT. USG IS PARTICIPATING IN A MAJOR ECONOMIC ASSISTANCE PROGRAM AND IS ENCOURAGING EUROPEANS AND AMERICANS TO INVEST IN PORTUGAL. WE ARE STRESSING THE NEED FOR CLOSER TIES WITH NATO, AND THE WILLINGNESS OF THE NATO ALLIES TO BE OF ASSISTANCE. FOR US TO TERMINATE ALVERCA WITH UNEMPLOYMENT RUNNING AT 14 PERCENT WOULD BE TAKEN BY THE PORTUGUESE TO MEAN THAT OUR PROFESSIONS OF SUPPORT AT A TIME OF NEED ARE NOT GENUINE.

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WE WOULD BE UNDERCUTTING THE POSITION OF THE MODERATE

ANTI-COMMUNIST ELEMENTS. END SUMMARY

1. COST EFFECTIVENESS: THE NAVY IS OBVIOUSLY IN THE BEST POSITION TO JUDGE THE QUESTION OF COST EFFECTIVENESS AT ALVERCA. HOWEVER WE UNDERSTAND THAT IT IS NOT A CLEAR-CUT SITUATION. IF THE PRINCIPAL ISSUE IS LABOR PRODUCTIVITY WE BELIEVE THAT RECENT IMPROVEMENTS PORTEND AN OVERALL FAVORABLE TREND.

2. PORTUGUESE ARMED FORCES INTEREST: A TERMINATION OF USG CONTRACTS AT ALVERCA WILL ATTRACT A GREAT DEAL OF ATTENTION. PORTUGAL IS PRESENTLY EXPERIENCING A 14 PERCENT UNEMPLOYMENT RATE AND EVEN THE LOSS OF A FEW JOBS CAN BECOME A FOCUS OF MAJOR CONCERN. IN DECEMBER 1975 WHEN THE USN THREATENED TO PULL ITS AIRCRAFT OUT OF ALVERCA, PORTUGUESE AIR FORCE CHIEF OF STAFF MORAIS DA SILVA IMMEDIATELY TOOK A PERSONAL HAND IN THE PROBLEM. THE FACILITIES WENT ON TWELVE HOUR SHIFTS, TWICE A DAY, SEVEN DAYS A WEEK. BY THE MIDDLE OF FEBRUARY THE BACKLOG HAD BEEN CLEARED UP.

3. ECONOMIC EFFECTS: THE USG IS PRESENTLY WORKING ON A \$200 MILLION DOLLAR ECONOMIC ASSISTANCE PROGRAM AND WE ARE ENCOURAGING OUR EUROPEAN ALLIES TO BE EQUALLY SUPPORTIVE. WE ARE ALSO MAKING STRENUOUS EFFORTS TO REVERSE THE INVESTMENT CLIMATE AND ENCOURAGE AMERICAN COMPANIES TO STAY IN PORTUGAL. FOR THE USG TO TERMINATE ITS ALVERCA CONTRACT WHILE IT IS URGING AMERICAN BUSINESS TO HANG IN WOULD BE REGARDED AS HYPOCRISY. OUR CREDIBILITY WOULD BE GREATLY WEAKENED.

4. EFFECT ON PORTUGUESE ARMED FORCES: AS ADDRESSEES ARE AWARE THE PORTUGUESE AIR FORCE HAS BEEN ONE OF THE MOST STEADFAST OPPONENTS OF THE COMMUNISTS AND THE FAR LEFT SYMPATHIZERS WHO HAD TAKEN VIRTUAL CONTROL OF PORTUGAL BEFORE THE DOWNFALL OF THE GONCALVES REGIME. CLOSING ALVERCA WOULD BE A DISHEARTENING BLOW TO THE VERY SERVICE WHICH HAS BEEN MOST CONSISTENTLY PRO-WEST IN ITS POLITICAL ORIENTATION AND WHICH TOOK A LEADING ROLE IN STOPPING THE NOVEMBER COUP ATTEMPT. WE HAVE

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TOLD PAF CHIEF OF STAFF WE WISH TO SUPPORT HIM; THIS ACTION WOULD BE AT VARIANCE WITH THAT POLICY. THE MESSAGE WOULD NOT BE LOST ON THE ARMY AND THE NAVY EITHER.

5. EFFECT ON AZORES BASE NEGOTIATIONS: ADDRESSEES WILL BE AWARE THAT OUR AZORES BASE FACILITIES ARE LOCATED ON PORTUGUESE AIR FORCE BASE NUMBER FOUR. IT WOULD SEEM RECKLESS INDEED ON THE VERGE OF REOPENING

THE BASE NEGOTIATIONS FOR THE USG TO DO SOMETHING SO
DIRECTLY AGAINST THE INTERESTS OF THE PAF AND THE
ARMED FORCES IN GENERAL.

6. EFFECTS ON NATO LINKS: ANOTHER FACTOR FOR THE US TO
TAKE INTO CONSIDERATION IS OUR EFFORT TO
CREATE A PROFESSIONAL MILITARY FORCE WITH A NATO MISSION.
CINCEUR HAS DEVISED A PROGRAM TO ASSIST THE PORTUGUESE
IN THE CREATION OF AN AIR TRANSPORTABLE ARMY BRIGADE
WHICH WOULD FORM PART OF THE CINCSOUTH RESERVE. WE
SEE THIS BRIGADE AS A VITAL ELEMENT IN THE REBUILDING
OF THE PORTUGUESE ARMED FORCES INTO A PRO-WEST PROFES-
SIONAL FORCE WITH AN EFFECTIVE INTERNAL DEFENSIVE
CAPABILITY. CLOSING ALVERCA WOULD GIVE EXACTLY THE
WRONG MESSAGE TO THE ARMED FORCES AT A TIME WHEN WE
ARE TRYING TO FOSTER COLLABORATION WITH THE US AND
NATO ALLIES.
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